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SECURITIES AND EXCHANGE COMMISSION
Washington. D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15(d)
of the Securities Exchange Act of 1934

15 1992

For the Quarterly Period Ended:
March 31, 1992

Commission File No. 0-8924

HABERSHAM ENERGY COMPANY
(Exact name of registrant as specified in its charter)

Oklahoma	73-0981865
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3650 Habersham Road, NW
Suite 101
Atlanta, Georgia 30305

(Address of principal executive offices) (Zip Code)

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Registrant's telephone number, including area code: (404) 231-9[illegible]

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate the number of shares outstanding of each of the Issuer's classes of common stock as of the latest practicable date:

Title of Class	Shares Outstanding	As of Close of Business on
Common Stock, $.10 Par Value	4,363,488	May 13, 1992

BEST COPY AVAILABLE

RABBESEAM ENERGY COMPANY

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PART I: FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

HARKNESS ENERGY COMPANY

CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (unaudited)	September 30, 1991
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 348,093	$ 369,903
Accounts receivable - net	299,892	358,998
Receivables, primarily related party	2,855	49,408
Prepaid and other assets	20,385	39,441
Total current assets	671,225	817,750
OIL AND GAS PROPERTIES, at cost under the full-cost method:		
Less accumulated amortization	12,809,167	12,531,879
	(6,028,573)	(5,614,630)
	6,780,594	6,917,249
BUILDING AND EQUIPMENT, at cost	443,898	437,151
Less accumulated depreciation	(204,185)	(183,665)
	239,713	253,486
RESTRICTED CASH	100,000	100,000
OTHER ASSETS	20,300	73,703
TOTAL ASSETS	$ 7,811,832	$ 8,162,188
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 2,250	$ 10,132
Trade accounts payable	137,066	353,925
Payable to oil & gas interest owners	185,186	148,084
Ad valorem taxes	197,967	192,321
Accrued liabilities	95,844	162,358
Total current liabilities	618,313	866,820
LONG-TERM LIABILITIES:		
Long-Term debt, net of current portion	1,516,577	1,299,577
Ad valorem taxes	105,179	161,577
Other	43,832	43,832
Total long-term liabilities	1,665,588	1,504,986
STOCKHOLDERS' EQUITY:		
Common stock, $.10 par value; 20,000,000 shares authorized, 4,363,488 and 4,359,333 shares issued and outstanding in 1992 and 1991, respectively	436,349	435,933
Additional paid-in capital	7,774,622	7,769,637
Accumulated deficit	(2,683,040)	(2,415,188)
Total stockholders' equity	5,527,931	5,790,382
TOTAL LIABILITIES & STOCKHOLDERS'EQUITY	$ 7,811,832	$ 8,162,188

See accompanying notes to consolidated financial statements.

HARKEN ENERGY COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended March 31,		Six Months Ended March 31,	
	1992	1991	1992	1991
REVENUES:				
Oil and gas sales	$ 463,045	$ 436,763	$ 947,044	$ 982,416
Well operation fees	16,135	8,716	30,268	23,411
Other income	20,365	19,807	29,238	36,670
Total revenues	499,545	465,286	1,006,550	1,042,497
EXPENSES:				
Production expense & taxes	176,403	93,021	370,072	300,796
Depreciation and amortization	233,719	207,571	434,463	399,076
General and administrative	135,539	132,878	273,131	296,055
Interest	30,302	13,574	62,043	27,303
Abandoned merger costs (Note 3)	2,720	0	98,968	0
Title settlement (Note 4)	0	0	35,725	0
Total expenses	578,683	447,044	1,274,402	1,023,230
NET (LOSS) INCOME	$ (79,138)	$ 18,242	$ (267,852)	$ 19,267
NET (LOSS) INCOME PER COMMON SHARE	$ (.02)	$ *	$ (.06)	$ *
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	4,363,488	4,328,277	4,361,410	4,328,277

* Less than $.01 per share

See accompanying notes to consolidated financial statements.

HANSEATIC ENERGY COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended March 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$(267,852)	$ 19,267
Plus adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	434,463	399,076
Write-off of deferred charges	96,248	-
Issuance of common stock for services	5,401	-
Changes in operating assets and liabilities:		
Decrease (Increase) in:		
Accounts receivable	43,591	92,058
Other receivables	46,553	-
Prepaid and other assets	(23,789)	(2,049)
Increase (Decrease) in:		
Trade accounts payable	(216,859)	88,337
Payable to oil and gas interest owners	37,102	39,618
Ad valorem taxes	(50,752)	(70,638)
Accrued liabilities	(66,514)	(34,967)
Net cash provided by operating activities	$ 37,592	$ 530,702
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of oil & gas properties	23,963	25,785
Purchases & additions of oil & gas properties	(285,736)	(835,371)
Purchases of other property & equipment	(6,747)	(20,925)
Maturity of restricted certificate of deposit	0	5,000
Net cash used in investing activities	(268,520)	(825,511)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	257,000	-
Principal payments of long-term debt	(47,882)	(8,680)
Net cash provided by (used in) financing activities	209,118	(8,680)
DECREASE IN UNRESTRICTED CASH	(21,810)	(303,489)
UNRESTRICTED CASH, beginning of period	$ 369,903	$ 949,786
UNRESTRICTED CASH, end of period	$ 348,093	$ 646,297
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 63,142	$ 26,502
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES:		
Reduction in trade receivable due to acquisition of oil and gas properties	$ 15,515	$ -

See accompanying notes to consolidated financial statements.

HARKEN ENERGY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL:

Management has elected to omit substantially all notes to the consolidated unaudited interim financial statements. Reference should be made to the Company's annual report on Form 10-K for the year ended September 30, 1991, as this report incorporates the notes to the Company's year-end financial statements.

2. UNAUDITED INTERIM INFORMATION:

The unaudited interim financial statements contain all necessary adjustments (consisting of only normal recurring adjustments), which, in the opinion of management, are necessary for a fair presentation of the results for interim periods presented. The results of operations for the interim periods presented are not necessarily indicative of those expected for the year.

3. ABANDONED MERGER COSTS:

In August 1991, the Company entered into a non-binding agreement in principal with respect to a proposed business combination between the Company and a Houston based oil and gas company. The agreement in principal outlined the procedures necessary to negotiate and execute a definitive merger agreement between the two companies. The Company immediately commenced due diligence procedures and engaged various professionals to draft the definitive merger agreement. These direct costs were deferred as incurred, as it was expected the transaction would have been accounted for under the purchase method of accounting.

In January 1992, the Company terminated exclusive negotiations as permitted by the agreement in principal. The Company determined that the merger was unlikely and wrote-off $96,248 of related deferred costs during the three months ended December 31, 1991. The Company incurred additional costs of $2,720 during the three months ended March 31, 1992. These costs were expended as incurred.

4. TITLE SETTLEMENT:

In January 1992, the Company reached a preliminary settlement of a title dispute that existed between the Company's predecessor, U.S. Mineral & Royalty Corporation, and various working interest owners on two Wyoming properties. In connection with the settlement, the Company has agreed to pay the working interest owners approximately $100,000 for suspended revenue, accrued interest and professional fees. As a result, the Company accrued $35,725 during the quarter ended December 31, 1991 to fully provide for the Company's estimated legal costs and settlement mentioned above. As of March 31, 1992, the Company continues to work towards documenting a final settlement agreement and has borrowed $85,000 under its line-of-credit to established a cash reserve to fund the final settlement.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Results of operations for the quarter ended March 31, 1992 compared to the quarter ended March 31, 1991.

For the quarter ended March 31, 1992, the Company recorded oil and gas revenues of $305,000 and $158,000 respectively on volumes of 17,312 barrels of oil and 102,456 mcf of gas sold. This compares to oil and gas revenues of $283,000 and $154,000 respectively on 15,370 barrels of oil and 69,610 mcf of gas sold during the same quarter last year. The increase in revenues was primarily attributable to increased sales volume from the Company's acquisition of Colorado properties (the "acquired properties") in August 1991. Sales volume attributable to the acquired properties totalled 5,099 barrels and 19,510 mcf for the quarter ended March 31, 1992. The increased sales volume was partially mitigated by an $.80 and $.67 decline in average oil and gas sales prices, respectively.

Production expenses and taxes increased $83,000 or 90%, from $93,000 for the quarter ended March 31, 1991 to $176,000 for the quarter ended March 31, 1992. The increase was primarily due to additional production expense of $38,000 associated with the acquired properties. Additionally, production expense and taxes were lower than average during the same quarter last year due to various reasons including the sale of certain marginal properties.

Depreciation and amortization increased $26,000, or 13%, from $208,000 for the quarter ended March 31, 1991 to $234,000 for the quarter ended March 31, 1992. The increase was primarily due to higher production volumes from the acquired properties. Additionally, the depreciation rate per equivalent barrel of oil increased $.18 per barrel from $6.08 in 1990 to $6.20 in 1991 due to a downward revision of reserves at September 30, 1991.

General and administrative expenses increased slightly from $133,000 for the quarter ended March 31, 1991 to $136,000 for the quarter ended March 31, 1992. The increase is primarily due to additional contract labor costs to resolve various title issues and additional payroll costs associated with the Company's matching contribution under its 401K plan. These increases were mitigated by lower travel costs and professional fees which the Company has made a continuing effort to reduce. Additionally, rent expense declined by $4,500 as the Company purchased the Denver office building in September 1991.

Interest expense increased $16,000, or 114%, from $14,000 for the quarter ended March 31, 1991 to $30,000 for the quarter ended March 31, 1992. The increase was expected due to the increase in long-term debt associated with the Company's acquisition of oil and gas properties in August 1991.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).

Results of operations for the six months ended March 31, 1992 compared to the six months ended March 31, 1991.

For the six months ended March 31, 1992, the Company recorded oil and gas revenues of $603,000 and $344,000 respectively on volumes of 32,035 barrels of oil and 208,382 mcf of gas sold. This compares to oil and gas revenues of $636,000 and $346,000 respectively on 28,466 barrels of oil and 180,268 mcf of gas sold during the same period last year. The decline in revenues was primarily attributable to a $3.52 decline in the average sales price per barrel of oil from $22.34 in 1991 to $18.82 in 1992. In addition, the average sales price per mcf declined $.27 from $1.92 in 1991 to $1.65 in 1992. Additional sales volume associated with the acquired properties partially mitigated the decline in oil and gas prices. Sales volume attributable to the acquired properties totalled 8,014 barrels and 39,200 mcf for the six months ended March 31, 1992.

Production expenses and taxes increased $69,000 or 23%, from $301,000 for the six months ended March 31, 1991 to $370,000 for the six months ended March 31, 1992. The increase was primarily due to additional production expense of $92,000 associated with the acquired properties. If the production expenses attributable to the acquired properties are excluded, production expenses and taxes declined $23,000 or 7.6%. This illustrates management's continuing effort to reduce production expenses and streamline operations.

Depreciation and amortization increased $35,000, or 9%, from $399,000 for the six months ended March 31, 1991 to $434,000 for the six months ended March 31, 1992. The increase was primarily due to the additional sales volume associated with the acquired properties. Additionally, the depreciation rate per equivalent barrel of oil increased $.18 per barrel from $6.08 in 1990 to $6.20 in 1991 due to a downward revision of reserves at September 30, 1991.

General and administrative expenses declined $23,000 or 8% from $296,000 for the six months ended March 31, 1991 to $273,000 for the six months ended March 31, 1992. The decline is primarily due to lower travel costs, other professional fees and legal costs, which the Company has made a continuing effort to reduce. Additionally, rent expense declined by $9,000 as the Company purchased the Denver office building in September 1991.

Interest expense increased $35,000, or 130%, from $27,000 for the six months ended March 31, 1991 to $62,000 for the six months ended March 31, 1992. The increase was expected due to the increase in long-term debt associated with borrowings to fund the Company's acquisition of oil and gas properties in August 1991, and subsequent workover/recompletion costs.

As discussed in Note 3, the Company wrote-off $96,000 of deferred charges related to merger negotiations with a Houston based oil and gas company during the quarter ended December 31, 1991. Additional merger costs of $2,700 were expended during the three months ended March 31, 1992.

As described in Note 4, the Company accrued $35,000 during the quarter ended December 31, 1991 to fully provide for a title settlement of $100,000 and the Company's estimated legal costs. As of March 31, 1992, the Company has established a cash reserve of $85,000 to fund this settlement. The remainder of the settlement is expected to be funded through cash flow from operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).

Liquidity & Capital Resources:

Cash Flow from Operations

Cash provided from operating activities decreased $493,000 from $531,000 for the six months ended March 31, 1991 to $38,000 for the six months ended March 31, 1992. The decline was due to a significant decline in oil and gas prices which reduced revenues and resulted in a net loss for the period. Additionally, the significant reduction in trade payables, ad valorem taxes and accrued liabilities also reduced cash flow provided from operations for the six months ended March 31, 1992.

Capital Expenditures

Capital expenditures for the six months ended March 31, 1992 were $293,000 which is $563,000 lower than the comparable period last year. The decline was expected as the Company's primary focus during the six months ended March 31, 1992 was to workover and enhance production on its newly acquired Colorado properties. During the six months ended March 31, 1992, the Company spent approximately $122,000 on these workover operations. Furthermore, the Company spent approximately $35,000 to participate in the drilling of three exploratory wells, one of which was successful. The remainder of the capital expenditures were for leasehold acquisition and other development costs.

Liquidity and Capital Resources

The Company has improved its working capital position by $102,000 from a negative $49,000 at September 30, 1991 to a positive $53,000 at March 31, 1992. The improvement was anticipated as the Company utilized cash flow from operations and $257,000 of borrowings under long-term debt to reduce trade payables by $217,000, ad valorem taxes by $51,000, and other liabilities by $67,000.

Other than cash flow from operations, the Company's primary source of liquidity and capital resources is a line-of-credit with a major bank which provides a borrowing base up to $2,500,000 based upon the Company's proved reserves. As of March 31, 1992, the Company's maximum borrowing base was $2,100,000 and its outstanding principal balance was $1,516,000. Therefore, the Company has approximately $584,000 available under the line-of-credit.

Capital Budgets and Commitments

The Company has budgeted minimal exploration and development activities for the remainder of the fiscal year in an effort to maintain its working capital position and reduce long-term debt. The Company will continue to focus on reducing operating costs, enhancing current production, and pursuing the acquisition of additional oil and gas properties. The current constraints on capital resources may limit the extent or timing of these activities.

The Company is committed to invest $57,000 in a production acquisition and developmental drilling partnership over the next 12 months.

PART II: OTHER INFORMATION

ITEM 1. Legal Proceedings - None

ITEM 2. Changes in Securities - None

ITEM 3. Defaults on Senior Securities - None

ITEM 4. Submission of matters to a vote of security holders

The annual meeting of shareholders was held at the Atlanta, Georgia office of the Company on March 18, 1992. The following matters were presented to the shareholders and the results of the voting was as follows:

Proposal 1: TO ELECT FOUR DIRECTORS OF THE COMPANY FOR A TERM OF ONE YEAR AND/OR UNTIL THEIR SUCCESSORS ARE ELECTED AND QUALIFIED.

	FOR	%	WITHHELD
Glenn Wm. Simmons	2,994,594	68.7%	283
B. Clayton Rolader	2,994,594	68.7%	283
Thomas M. Alexander	2,994,594	68.7%	283
Lonnie C. Bird	2,994,594	68.7%	283

ITEM 5. Other Information - None

ITEM 6. Exhibits and Reports on Form 8-K

a. No reports on Form 8-K were filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HABERSHAM ENERGY COMPANY

Date: May 13, 1992

Robert J. Devers
Secretary/Controller
(Authorized Officer /
Chief Accounting Officer)